

**WEST BENGAL APPELLATE AUTHORITY FOR ADVANCE RULING**

**AT 14, BELIAGHATA ROAD, KOLKATA-700015**

**Before:**

**Sri. A.P.S Suri, Member**

**Sri. Devi Prasad Karanam, Member**

In the matter of

Appeal Case No. 12/WBAAAR/APPEAL/2019 dated 19.09.2019

- And -

In the matter of:

An Appeal filed under Section 100(1) of the West Bengal Goods and Services Tax Act, 2017/ Central Goods and Services Tax Act, 2017, by M/s Macro Media Digital Imaging Pvt. Ltd., 55 Canal East Road, Kolkata-700085 against the Ruling passed by the West Bengal Advance Ruling Authority vide Order No. 15/WBAAR/2019-20 dated 19.08.2019.

Present for the Appellant: Sri. Rahul Tangri, Advocate

Sri. Akash Agarwal, CA

Present for the Respondent: Sri. Jaydip Chanda, Assistant Commissioner of State Tax,  
Beliaghata Charge

Matter heard on: 10.12.2019

Date of Order: 17.12.2019

1. This Appeal has been filed by M/s Macro Media Digital Imaging Pvt. Ltd. (hereinafter referred to as "the Appellant") on 19.09.2019 against Advance Ruling Order No. 15/WBAAR/2019-20 dated 19.08.2019, pronounced by the West Bengal Authority for Advance Ruling (hereinafter referred to as the "WBAAR")
2. The Appellant holding GSTIN No. 19AABCM9451F1ZB is engaged in the business of printing trade advertisement material. It prints the content provided by the recipient

on the base material of polyvinyl chloride cloth (hereinafter referred to as the “PVC”), paper, etc. The Appellant provides the printing ink and the base material.

3. The Appellant sought an advance ruling under section 97 of the West Bengal Goods and Services Tax Act, 2017/ the Central Goods and Services Tax Act, 2017, (hereinafter collectively referred to as “the GST Act”) on the following questions:
  - a) Whether the job of printing of content provided by the customer on polyvinyl chloride banners and supplying such printed trade advertisement material amounts to supply of goods, and
  - b) What is the classification of such trade advertisement material under GST Tariff if the transaction is a supply of goods.
4. The WBAAR in its Ruling No. 15/WBAAR/2019-20 dated 19.08.2019, observed *inter alia*, that the transaction involves a composite supply – a transaction involving both supply of goods in the form of printed PVC material and of the service of printing the content provided by the recipient, which are inseparable in the execution of the contract. According to the WBAAR, the printed trade advertisement material has no utility other than displaying the printed content. It held that the service of printing is the predominant element of the composite supplies the Appellant is making. Thus, the WBAAR held that the goods classifiable under Chapter 39 and 49 of Customs Tariff Act, 1975 (hereinafter referred to as the “Tariff Act”) are supplied by the appellant but the supply of the said items are ancillary to the principal supply of printing service.
5. The Appellant has filed the instant Appeal against the above Advance Ruling with the prayer to set aside/modify the impugned Advance Ruling passed by the WBAAR or pass any such further orders as may be deemed fit and proper in the facts and circumstances of the case on the following grounds:
  - (i) The WBAAR did not appreciate the legal position of the case and did not give cognizance to Ruling of Telengana AAR in the matter of TSAAR/4/2018 dated 30.05.2018 where the Telengana AAR opined that the supply of printed trade advertisement is to be treated as supply of goods .
  - (ii) The Appellant argued that the WBAAR did not determine whether the transaction was a supply of goods. The Appellant argued that the printed trade advertisement being movable property falls under the ambit of ‘goods’ under section 2(52) of the GST Act.
  - (iii) The Appellant referred to serial no. 59 of the Table provided in the Circular F. No.332/2/2017-TRU dated December, 2017 and argued that once the Board has clarified that printing on other synthetic media qualifies under HSN 4911, which is for goods, the present transaction cannot be held as supply of service.

- (iv) The Appellant referred to para 5 of CBIC Circular No. 11/11/2017-GST dated 20/10/2017, wherein it has been clarified that in the case predominant supply is that of goods and the supply would constitute supply of goods.
- (v) The Appellant also argued that their supply would qualify as goods under “Trade advertisement material, commercial catalogue and the like” under sub-heading 4911 10.
6. During the course of hearing the Appellant reiterated the points as stated in the Grounds of Appeal and also tendered a written submission.
7. The Appellant submitted that its activity involves procurement of PVC material (blank) and printing of branded advertisement on the said PVC material (blank) with designs and graphics provided by the customer. This is an activity constituting a composite supply where principal supply is that of ‘goods’ and hence, in terms of Section 8 of the GST Act, the said supply is of supply of ‘goods’. According to them, their supply qualifies for classification under sub heading 4911 in the First Schedule to the Tariff Act, which reads as:
- “Other printed matter, including printed pictures and photographs; such as Trade advertising material, .....reproduced with the aid of computer or any other devices”.*
8. The Respondent submitted that the PVC material supplied to the customer has no use unless it has the content printed on it.
9. The matter is examined and written and oral submissions made before us are considered.
10. The Appellant placed reliance on para 5 of CBIC Circular No. 11/11/2017-GST dated 20.10.2017. For the sake of clarity para 5 of the Circular is reproduced here as following :

*In case of supply of printed envelopes, letter cards, printed boxes, tissues, napkins, wall paper etc. falling under Chapter 48 or 49, printed with design, logo etc. supplied by the recipient of goods but made using physical inputs including paper belonging to the printer, predominant supply is that of goods and the supply of printing of the content [supplied by the recipient of supply] is ancillary to the principal supply of goods and therefore such supplies would constitute supply of goods falling under respective headings of Chapter 48 or 49 of the Customs Tariff.*

The Appellant submitted that their customer’s intention was to purchase trade advertisement as a whole and not merely get the printing job done.

11. The WBAAR on the other hand relied on para 4 of the said CBIC Circular No. 11/11/2017-GST dated 20.10.2017. For the sake of clarity para 5 of the Circular is reproduced here as following :

*In the case of printing of books, pamphlets, brochures, annual reports, and the like, where only content is supplied by the publisher or the person who owns the usage rights to the intangible inputs while the physical inputs including paper used for printing belong to the printer, supply of printing [of the content supplied by the recipient of supply] is the principal supply and therefore such supplies would constitute supply of service falling under heading 9989 of the scheme of classification of services.*

12. We find that the Circular No. 11/11/2017-GST dated 20.10.2017 clarifies the issue clearly. It is a fact that both the Appellant and the WBAAR have taken recourse to the said Circular to reach opposite conclusions. So, examination of paragraphs 4 and 5 of the said Circular is essential before arriving at any conclusion. On careful reading of the said paragraphs, it is seen that the only difference between the two paragraphs is that under paragraph 4, the usage right is owned by the supplier of the content, whereas in the case described under paragraph 5, no such usage right is owned by the supplier of the design or logo.
13. On reading paragraphs 4 and 5 of Circular No. 11/11/2017-GST dated 20.10.2017 it can be concluded that items mentioned in para 4 have no secondary use other than carrying the printed content whereas the articles mentioned in para 5 have secondary usage. Though wallpaper displays designs printed or embossed on its body, it has another use that of protecting the wall. In the instant case the PVC sheet does not have any other usage other than displaying the advertisement content.
14. In the present case, the Appellant prints the content provided by the recipient on the base of PVC, paper, etc., where it provides both the printing ink and the base material. There cannot be any doubt that the content that is printed on the base material is owned by the customers of the Appellant only and the Appellant has no right of usage on the content. The Appellant produced at the time of hearing a few samples of their products, for example, advertising materials for “Hero Glamour” motorbikes, “Hyundai Venue” car, “Vivel Cool Mint” soap and “Brides India”. The said advertisement materials carry specific messages meant for customers and the contents are very specific to the product for which the advertisements are made. The advertisement meant for Hyundai cannot be used by Hero or any other company. Thus the content is exclusively the property of the client who entrusts the job to the

Appellant and the usage right of the content remains with the client of the Appellant. However this is not the case described under paragraph 5 of the Circular No. 11/11/2017-GST. Thus, in our considered opinion, in the instant case, which is a composite supply, supply of service is predominant and the case of the Appellant is more akin to the case represented in paragraph 4 of Circular No. 11/11/2017-GST dated 20.10.2017.

15. The Appellant argued that the product description in their invoice is mentioned as “Printing and Supply of Trade Advertisement Material – HSN#4911”, because what they supply are primarily goods. However, we find that in the purchase order no. 5000060092 dated 12.04.2019, ITC Limited has mentioned the order description as service – “Digital Printing – Outdoor”. Also in purchase order issued to the Appellant under no. 018/EMPL/18-19 dated 24.05.2018 issued by Eden Media Pvt. Ltd. the particular of charges has been mentioned as “Printing charges for 1 no. of Blackback flex”. Thus, it is clear beyond doubt that what the Appellant supplies is nothing but service. Hence, we find no basis in the argument of the Appellant that it supplies goods only.

In view of above discussion we find no infirmity in the ruling pronounced by the WBAAR.

The appeal thus fails and stands disposed accordingly.

Send a copy of this order to the Appellant and the Respondent for information.

[Signature]

(Devi Prasad Karanam)  
Member  
West Bengal Appellate Authority  
for Advance Ruling

[Signature]

(A.P.S Suri)  
Member  
West Bengal Appellate Authority  
for Advance Ruling